

Senate Study Bill 3022

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CO=CHAIRPERSONS BEHN
and WARNSTADT)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the prepayment of agricultural loans secured
2 by a real estate mortgage.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5641SC 81
5 kk/je/5

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1 1 Section 1. Section 535.9, subsection 1, Code 2005, is
1 2 amended to read as follows:
1 3 1. As used in this section, "loan" means a loan of money
1 4 which is wholly or in part to be used for the purpose of
1 5 purchasing real property which is a single-family or a two=
1 6 family dwelling occupied or to be occupied by the borrower, or
1 7 which is payable over a term of five years or less for the
1 8 purpose of purchasing agricultural land. "Loan" includes the
1 9 refinancing of a contract of sale, and the refinancing of a
1 10 prior loan, whether or not the borrower also was the borrower
1 11 under the prior loan, and the assumption of a prior loan.
1 12 EXPLANATION
1 13 This bill relates to the prepayment of loans secured by
1 14 real estate mortgages for the purchase of agricultural land.
1 15 Code section 535.9 prohibits mortgage lenders from receiving
1 16 additional interest other than due under the terms of the loan
1 17 agreement and from imposing penalties for prepayment of a loan
1 18 earlier than required by the loan agreement. The bill
1 19 restricts the definition of "loan" with regard to the purchase
1 20 of agricultural land to agricultural loans payable over a term
1 21 of five years or less so that loans to purchase agricultural
1 22 land which are payable for a term of more than five years may
1 23 have additional interest or penalties imposed for prepayment
1 24 of the loan.
1 25 LSB 5641SC 81
1 26 kk:nh/je/5